

Cannabidiol (CBD)

Brief description of the industry

CBD (cannabidiol) is a non-psychoactive cannabinoid extract that can be taken from both marijuana plants and industrial hemp. CBD's main difference from marijuana is that it typically contains less than 0.2% THC, the active psychoactive chemical in marijuana. As such, users of CBD products can't get high from them.

Additional Due Diligence and Conditions applicable

- MCC 5499 Food Supplement.
- ECOM Only, MOTO not allowed.
- Chargeback ratio to be below 0.60%.
- CBD products will be acceptable only when THC are within approved legal limits.
- Recurring sales will be declined.
- Any CBD products having more THC levels above legal limits will be declined.

Merchants need to provide a product certification (Lab test certificate) that is not older than 12 months and that indicates the respective THC levels. (this is valid at the time of writing this policy but can change anytime depending on countries laws and regulations).

Applicable to UK Merchants Only

Any CBD products with a trace of THC will be declined.

The Lab Test Certificate/Certificate of Analysis must state THC undetectable/ near undetectable. Certificates may include different criteria e.g:

- CBD – only hemp derived
- 0.01% or less THC indicated
- Undetectable / nearly undetectable level of THC

Note: From the 13th February 2020 all new products on the market must be registered as a Novel food. UK Merchants need to submit, and have fully validated, novel food Authorization applications by 31 March 2021. After this date, only products for which the FDA has a valid application will be allowed to remain on the market.



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After March 31, 2021 it's mandatory for ALL UK CBD merchants to provide Novel Food Authorisation.

- Products that are used for medical or veterinary purposes or require a prescription so will be declined.
- Every Product to have a full list of Ingredients specifically percentage rate of THC and Nicotine.
- When products include a percentage of Nicotine the Tobacco Policy will apply.
- Risk Warnings including side effects for consumers must be available on the website.
- Processing history for the last 3 months (minimum period) or Business Plan in case of a start up.

Mercants considering targeting other Markets outside EU/EEA

- If during Ongoing Monitoring, the Ongoing Monitoring Team identify the Merchant is targeting more than 40% outside EU/EEA, Merchant will be required to provide to TRUST a Legal Opinion. The Legal Opinion provided by the merchant must be escalated to TRUST Legal Department for verification.
- Legal opinion must include the following:
 - a. If the product does not require Novel Food authorization, explanation why it does not require authorisation by the Food and Safety Authority.
 - b. The product is NOT sold for medical purposes.
 - c. The product does NOT require a medical prescription from Pharmacist or Doctor.
 - d. Target Market/s and laws applies in relation to CBD for each Market.
 - e. Assurance that the product contains certain % of THC is legally sold in the market/s being addressed.

Geographic Restrictions/BIN Blocks applicable

By default, the Gateway must block non-permitted EU/EEA jurisdictions listed below. Please note that this list is subject to change in accordance to the jurisdiction's regulation:

- Austria
- Denmark (unless a copy of a product (CBD) assessment by Danish Veterinary and Food Administration (DFVA) and/or Danish Medicines Agency is provided to TRUST. The assessment must prove that the CBD products offered in Denmark have been assessed as food supplements or as cosmetic products. In case the CBD products offered by a merchant, have been classified as pharmaceutical products and/or as medicine by Danish authorities, merchant's activity shall not be



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accepted in accordance with section “Pharmaceuticals and Drug Paraphernalia” of the TRUST Prohibited and Restricted Business Policy.

- Finland
- Malta
- Portugal
- Slovakia

Risk Mitigation

- To impose 10% for 130 working days for Start-up Companies.
- For established companies with positive filed accounts, the underwriter can set terms appropriate to the risk.

POS Merchants

Acceptable only if:

- Sales Representative has physically visited (face to face application).
- Merchant has trading history and/or is a reputable provider.
- Merchant has demonstrated they have a trustworthy setup by other means.
- Preferably receiving some photos of the products on sale.
- If a Decline is decided for POS services, Salesperson can appeal by escalating to the Head of Underwriting providing additional supporting rationale.



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